

M.L. King District

Infrastructure Revitalization Strategy and Marketing Plan



*Developed for the Community
Impact Fund by Michael
Schubert, Community
Development Strategies and
Marcia Nedland, Fall Creek
Consultants.*

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Part One: Neighborhood Strategy

I. Introduction

This document provides a detailed strategy for the ML King neighborhood. It is designed to be an effective tool for the leadership of ML King in the ongoing revitalization of this neighborhood. It draws heavily from the land use plan prepared by Urban Collage as well as from the crime plan, and provides a map for taking some of the concepts expressed in those plans toward implementation.

This plan outlines the characteristics of a healthy neighborhood and identifies a set of healthy neighborhood outcomes. The strategies listed here are all aimed at achieving these outcomes and they connect with some of the priorities identified in the land use plan and the crime plan. This document also provides a marketing plan aimed at increasing the rate of home ownership in the neighborhood among specific target groups identified in the planning process.

II. Methodology

The overall strategy for the development of this plan was to integrate the viewpoints of neighborhood residents and key stakeholders, as well as the concepts presented in the plans, into a set of concrete actions that could help improve the ML King neighborhood. Toward this end, the consultants, in partnership with the Community Impact Fund (“CIF”) conducted a Learning Exchange session at the end of March with residents, CIF staff and representatives of the City of Chattanooga. At the Learning Exchange, a number of key concepts were introduced, including a working definition of a healthy neighborhood and the organization of strategies around outcomes of image, market, physical conditions and neighborhood management.

In preparation for the Learning Exchange and over the subsequent month, the consultants reviewed the neighborhood plan and conducted key person interviews. Prior to the planning session, the consultants conducted a thorough site visit of the ML King neighborhood and toured the neighborhood with leaders from the neighborhood association.

On May 16th and 17th the consultants conducted two evening workshops aimed at strategy development involving changes in image, market, physical conditions and neighborhood management. The objectives for the first of these sessions were as follows:

- A review of the characteristics of a healthy neighborhood
- A review and refinement of healthy neighborhood outcomes and agreement upon these outcomes for ML King

- An assessment of what is working and not working in ML King regarding these outcomes
- The identification and prioritizing of strategies related to these outcomes

Following the first evening session, the consultants reviewed the ideas generated by the group and prepared a draft document for the group's review. The objectives of the second night's session were as follows:

- Review of the strategy document
- Presentation of a ten step process for marketing planning
- Development of a marketing plan

The document synthesizes the work of those two sessions and creates a framework for actual implementation. It describes the outcomes and the strategies necessary to achieve the outcomes. It lays out the ways these strategies can be targeted and suggests roles for key stakeholders and partners. Finally, this document recommends an initial scope of work for staff.

III. Defining a Healthy Neighborhood

The working definition of a healthy neighborhood around which the strategy development is organized is as follows:

A healthy neighborhood is a place where:

- It makes economic sense for people to invest time, energy and money in the upkeep of property and in the neighborhood and,
- Where neighbors have the capacity to successfully manage the day-to-day issues in the neighborhood

There are several important implications of this definition. First, it highlights the importance of a stable improving real estate market as a key element. Unless values are improving or are perceived as improving in the future, there is no incentive for people to invest in these properties, either through home purchase or repair.

Along with the importance of stable, appreciating values, healthy neighborhoods are managed by neighbors. Because neighborhoods are never problem-free, it is essential that neighborhoods, if they are to be successful places, have the formal and informal networks in place to manage change so that problems do not undermine confidence in the neighborhood.

When neighborhoods are healthy, they look and behave in certain ways. Any given neighborhood is not an isolated entity. It needs to be seen in the context of other

neighborhoods and within the metropolitan region. Revitalization strategies need to recognize that neighborhoods compete with each other for resources and investment choices. In some way, revitalization strategies need to aim directly at increasing the confidence level of neighbors and others in the future of the neighborhood.

In theory, it would be possible to rehab all the vacant buildings in ML King and make physical improvements and still fail to address the level of confidence in the neighborhood and the capacity for the neighborhood to compete for investment choice. For physical change to have an impact, it has to be linked to the underlying “psychology” of the neighborhood, i.e., it has to influence how people think about and act in the neighborhood and how the neighborhood is perceived by others.

With this in mind, this plan is organized around four components of healthy neighborhood outcomes: image, market, physical conditions and neighborhood management. Neighborhoods with a healthy image are “neighborhoods of choice”—that is, people with choices will choose to live there. At the same time, the image of the neighborhood will reinforce the level of confidence neighbors and others have in the future of the neighborhood.

In terms of market, the neighborhood will be competitive with other healthy neighborhoods. Property values will be such that it will make economic sense for neighbors, homebuyers and others to invest.

Physical conditions will suggest pride in the neighborhood, and the public infrastructure—parks, streets, sidewalks—will be maintained at the level of other neighborhoods perceived as being healthy. In terms of neighborhood management, when problems arise in healthy neighborhoods, neighbors are able to address them in a way that protects the neighborhood and maintains confidence. Neighbors feel comfortable being “neighborly,” i.e., looking out for each other and getting together to work on projects that improve the neighborhood.

These outcomes describe how a neighborhood looks and behaves when it is healthy. They provide an effective framework for the development of specific strategies.

IV. A Vision for ML King

Before we begin to develop specific strategies for ML King, it makes sense to step back and describe the kind of neighborhood the leadership of ML King wants. Based on our discussions with the leadership of ML King, the following components of a vision emerge:

1. ML King will be a neighborhood of commitment.

The image of transience that the neighborhood currently has will be replaced by the image of individuals and families seeking roots.

2. ML King will be a neighborhood of choice.

The neighborhood will attract and retain people who are actively choosing to be there. ML King will also attract and retain a diverse population in terms of race, ethnicity, income and age.

3. Revitalization activities need to reinforce ML King as a special place.

ML King has a rich history that makes it a special place. It has been the center of African-American history in Chattanooga. ML King needs to retain an image of a place where neighborhood and neighboring are valued and a sense of order prevails.

The kinds of things neighbors want to see that reflect this vision are:

- active commercial
- active churches
- attractive public spaces
- a school
- prideful repair and investment
- solid people buying who reflect diversity and who are committed to the neighborhood
- neighbors working together on projects

These visions statements have practical implications for decision-making. In the future, the leadership of ML King will develop programs/interventions and be asked to react to certain proposals. In so doing, the leadership should ask the following questions:

1. Does this intervention reinforce the idea of the neighborhood as a place of commitment?
2. Does this intervention reinforce the neighborhood as a place of choice, i.e., does it help attract or retain a diverse income mix as well as diversity in race, ethnicity and age?
3. Does this intervention reinforce ML King as a special place? Does it help reinforce the historic sense of the neighborhood?

Some interventions will achieve these components of the vision, but most will likely need to be modified. These are less questions of final judgment and more questions that introduce a conversation on how to add pieces that more directly achieve the vision.

V. Strategies

A. Image

Long-Term Outcome: ML King will be re-established as a center of culture/history and as a neighborhood of choice for people who want to live in a special place. At the same time, the image of the neighborhood will reinforce the level of confidence neighbors and others have in the future of the neighborhood.

An important first step is to combat the image that ML King is a “dumping ground,” and to establish a sense of order in the neighborhood. In healthy, thriving neighborhoods certain things are not allowed. Business owners are not allowed to let their buildings run down, absentee owners are not allowed to subdivide buildings, people are not allowed to approach cars stopped at lights and knock on windows.

Current Situation: Currently, ML King has a negative image that is set, in part, by the commercial strip and its bars and nightclubs. The fact that there is a large concentration of social service agencies located there may reinforce an image of transience. All these factors contribute to an overall image that defines ML King as permanently poor and as a second-class neighborhood. These definitions of the situation can lead to a range of beliefs and actions that, while on the surface appear good, reinforce this second-class status. For example, if people believe that all housing in ML King needs to be heavily subsidized because the only market for ML King will be low-income renters, opportunities to attract a diverse populations will be lost. Another potentially destructive belief is that the development of new homes for sale needs to produce modest, heavily subsidized units because the neighborhood can only attract people with little choice.

These biases about a limited market for the neighborhood and the actions that follow from them can ultimately undermine any hope of creating an economically diverse neighborhood that can compete with other neighborhoods for housing choice.

At the same time, resident leadership is concerned about gentrification. They want to make sure that existing neighbors can be part of a revitalization strategy and that housing opportunity exists for people with more modest incomes.

In order to achieve the described outcomes, a set of strategies involving rebuilding neighborhood image are outlined.

Specific Strategies

1. Increase sense of order through community policing and code enforcement.

Police presence in the neighborhood will be increased with the proposed training facility and the substation. In addition, effective police presence needs to be increased on the street in order to provide sanctions for disorderly behavior.

Action Steps

- a) The neighborhood association should work with the police to increase police attention to loitering, littering and solicitation of cars driving through the neighborhood.
- b) The neighborhood association should work with the police on closing known drug houses and with the Neighborhood Services division on the enforcement of the Nuisance Property Ordinance as a means to seize problem properties. This strategy should be focused on those areas where development are planned or where new development should occur.
- c) The City should begin a code enforcement program on ML King Avenue. There is a substantial level of poor maintenance on the highly visible section of the street.

Apart from addressing physical conditions and behaviors not conducive to a sense of order, the above activities need to set a new image for the neighborhood that says, "This is no longer a place where these kinds of behaviors are tolerated." Every neighborhood has a threshold of tolerance for disruptive behaviors. In ML King that threshold is too low and needs to be raised, particularly if the neighborhood wants to achieve a level of economic diversity.

2. Carry out a series of activities that enhance the image of ML King as a special place.

Action Steps

- a) Look at the Bessie Smith Strut and a neighborhood rally as a way to achieve image change. Currently, the Bessie Smith Strut is viewed among neighborhood leaders as having activities that intrude upon the neighborhood rather than helping to change the image. Neighborhood

tours with a historical focus and activities for children could be added to less productive Strut activities (drinking).

- b) Use a newsletter as an image-building device. The newsletter should present positive images of the neighborhood. This could involve a regular article about a particular historic house, an oral history type of interview with a long-time resident, an article about a new home buyer, information about UTC and their development plans, information about loans, an article about someone who is fixing up their home. Through targeted distribution, this newsletter can be used in many ways: changing the image current residents have, changing the image real estate agents and potential buyers have, changing the vision of current and potential investors in the neighborhood, including nonprofit staff and board members, city government staff and council, Chamber of Commerce members, etc.
- c) In order to present a positive image of the neighborhood, existing committed residents should be positioned as neighborhood ambassadors. That is, buyers whom the neighborhood would like to attract (i.e., those target populations identified in the marketing plan) would connect with these neighborhood ambassadors to provide them with information about the neighborhood. This kind of personal contact can also help potential buyers feel better about the neighborhood.

3. Present a positive image of the neighborhood to potential new buyers.

Action Steps

- a) Existing committed residents should be trained by the neighborhood association as neighborhood ambassadors. This means that buyers whom the neighborhood would like to attract (i.e., those target populations identified in the marketing plan) would connect with these neighborhood ambassadors to provide the potential buyers with information about the neighborhood. This kind of personal contact can also help potential buyers feel better about the neighborhood.
- b) Summarize plans and neighborhood positions in a short brochure for new buyers. Right now there is no one piece of paper that ICDC or other realtors can give to buyers that communicates what the future of the neighborhood will be.
- c) Develop selling points for the neighborhood and train 1-2 agents about the neighborhood and the positives of living there.

Strategies to improve the image of a neighborhood will be ineffective unless there are real on-the-ground results that begin to move the neighborhood toward the outcomes described here. Results don't have to be dramatic. One person buying one house and fixing it up can be a stimulus to a changing image. In fact, there are people in ML King now who own and are involved in the association, who counter the image of poverty and transience. The commitment of these people needs to be highlighted through the newsletter, the sales brochure and the neighborhood ambassador idea.

B. Market

Long Term Outcome: ML King will have a real estate market that appreciates in a way that makes economic sense for people to invest their time, energy and money in the neighborhood. The neighborhood will be competitive with other healthy neighborhoods and will attract the resources of neighbors, buyers, developers, government, lenders, etc. that will keep it healthy.

These outcomes require an effective collaboration between ICDC, CNE, the neighborhood association, the City and CIF. If the leadership is seeking an outcome of less transience and more economic diversity, a strategy to maintain existing home ownership and create new home ownership opportunities for an economically diverse market should be the focus. This implies an emphasis on higher priced, higher quality new construction for home ownership and purchase-rehab on existing buildings to a high standard. Purchase-rehabs should, where possible, de-convert large single-family homes that have been converted to rooming houses back to single family, reinforced with zoning changes that downgrade the residential streets to R-2.

Existing Situation: Currently, the neighborhood is drawing very little new homeownership demand and the real estate market is soft. Values are low and the level of maintenance and improvement is also low. There are some pockets of strength (e.g., 8th Street) that should be built on.

It is necessary for the neighborhood association and CIF to recognize that the strategies outlined in this section are designed to create a series of investment actions that are "ahead of the market." This means that those actions imply taking more risk than the market says is prudent at this time. But those actions must take place in order to drive the market to a more sustainable position.

In order to achieve the outcome of an economically diverse community, new homes will need to be built that can attract a middle-income market. In addition, existing properties for sale will need to be marketed to new buyers with moderate to middle incomes. Because these investments are ahead of the market, incentives for developers and buyers need to be put on the table to lessen risk.

Building expensive homes is a mistake unless there is some positive market response before construction begins. This will require presenting developers and buyers with an idea of how the neighborhood is changing and by providing a set of incentives. This section outlines that overall strategy.

Specific Strategies

- 1. CIF, CNE, ICDC, the neighborhood association, UTC and the City should form a Collaborative to address the real estate market issues in ML King.**

Each of the above-listed entities can play an important role in a development strategy in ML King, but none of the entities working alone will be successful. This plan will suggest some potential roles as an illustration, but the actual working relationships will need to be negotiated among the Collaborative.

- 2. Create an inventory of properties and parcels and update it regularly.**

Rationale: The strategy outline here requires first establishing a database of parcel ownership and the identification of parcels that have the potential to transfer. It is essential that the Collaborative take control of understanding who owns what, what is tax delinquent and what properties or parcels could be acquired.

Action Steps

1. The Collaborative should create a property inventory. This inventory should include:
 - All ownership, homeowners and investors by address/tax number of property and name/address of owner. The address/ownership information should be stored in a database and the status, i.e., investor vs. owner, should be mapped.
 - The inventory should also map the following:
 - parcels condemned or vacant
 - parcels owned by UTC
 - parcels that are tax delinquent
 - parcels with existing violation notices
 - parcels owned by a government entity
 - properties currently for sale

Vacant parcels can be assembled as development opportunities. Existing buildings that are vacant, condemned, tax delinquent, with serious violations or for sale should be thought about as potential for sale properties for new home buyers.

2. The Collaborative should position itself to acquire and hold buildings for future disposition.

The key to successful intervention is the ability to act quickly as for sale properties surface. This does not imply the Collaborative should always develop these properties, but by intervening early these properties can be protected from investor ownership and marketed to owner-occupants of diverse income.

For the Collaborative to do this effectively, they need access to a pool of money that would not require them to develop each property. The size of this fund should be at least \$150,000 to begin with and could be increased. To protect the fund, some limits on the number of properties being held should be established.

This strategy can only work if there is a complementary strategy to market ML King to the target groups of buyers. That strategy, drawn from our work in ML King, is designed to increase demand. This strategy is designed to increase the supply of properties available for sale. Given that there is an absence of a normal real estate market in ML King with agents listing properties on the MLS, this strategy is critical.

3. Acquisition-resale and purchase-rehab interventions should aim at the de-conversion of larger homes to single-family.

It is likely that many of the buildings now used as rooming houses were once single-family homes. These homes offer an uncommon amount of space and redesign potential that can be an asset for the neighborhood as it seeks to attract new buyers.

4. All new development should reinforce the vision of economic diversity.

There are many low-income households in ML King and many Section 8 rental units. New development needs to focus on attracting the target markets described in the marketing plan, regardless of their income.

5. Developers (ICDC, CNE) need to develop with neighbors a strategy larger than the development footprint of their real estate projects.

Both CNE and ICDC have sites where they are planning a development. In order to maximize the physical impact of these developments, the developers need to look for opportunities to treat other properties around them. This is a particularly important role for CNE as a lender because it opens up the possibility of targeting home improvement loans around development sites.

6. The Collaborative should determine how best to offer housing counseling services to existing homeowners.

In order to preserve home ownership for existing residents it is important to make sure that people are in title, have insurance and have no outstanding property tax indebtedness. Part of this counseling may also focus on estate planning issues. This counseling could also deal with how owners are considering financing improvements or using their accumulated equity so that they can avoid predatory lending.

A key issue in this neighborhood will be the ownership succession process. If an overall strategy to revitalize ML King will create property appreciation, it is essential that owners can take full advantage of their asset value and that properties can, when they need to, transfer efficiently. In many communities with a preponderance of senior homeowners, clear title is often a problem. In order to help these owners preserve their assets, it is essential to provide some kind of one-on-one counseling.

7. The Collaborative should provide input to developers so that new developments help achieve neighborhood outcomes.

Action Steps

- a) The Collaborative needs to meet with Reverend Hunter about his plans for Park Place.

Unconfirmed rumor suggests that he is interested in converting this building to a single room occupancy rental property. This could have negative consequences for turning around the image of transience. Alternative uses for this building might be senior housing financing with tax credits or, as the neighborhood improves, a loft-type residential development.

- b) The neighborhood association needs to provide input to CNE on their plans for a tax credit-financed development on ML King.

Residents have raised concerns about the problem apartment building across from the development and the negative impact this might have on CNE's development.

The best possible outcome for this might be the acquisition and demolition of the apartment building, the construction of rental housing on both sides of ML King and the use of a part of CNE's parcel for the development of in-fill housing. There are some technical questions related to this, including whether the tax credits could be used across the street and how the requirements of the Uniform Relocation Act could be met.

8. The Collaborative should design an in-fill new construction program to build the kind of housing the desired market wants.

Action Steps

- a) The Collaborative works with the City to assemble developable assemblages of land.
- b) The Collaborative, following the recommendations of the marketing plan, conducts a number of focus groups with target markets around design/amenities, price and neighborhood acceptance.
- c) The City, as part of the Collaborative, provides the following resources to stimulate quality residential development:
 - a set of design guidelines developed by the Collaborative
 - free land
 - waiver of permits and fees
 - a developer subsidy of \$25,000 per house to be matched at some level by CIF and UTC
- d) The City will issue a request for proposal to the development community

The vision of this intervention is to provide high quality residential construction for households earning between \$75,000 and \$125,000 as a way of stimulating the market. These units would likely cost in the \$180,000-\$225,000 range to develop and, with the developer subsidy, would sell for \$155,000-\$200,000. The vision is of a demonstration program of 20-30 houses over a three year period. The subsidy would

be used to reduce developer risk by enabling the homes to be sold at price points lower than the development cost.

It is absolutely essential that this project begin with data gathered from the target markets about neighborhood acceptance, price and amenities. This kind of intervention is aimed at attracting middle-class buyers to ML King. While it is uncertain at this time whether this market will accept ML King as a choice, there really has not yet been a structured way of determining feasibility.

This intervention should be seen as part of a comprehensive strategy to improve ML King and not as an isolated intervention. It takes place in a context of other interventions--providing subsidized rental housing, helping neighbors improve, building more affordable single-family houses, encouraging purchase-rehab--all designed to expand the market for ML King.

This intervention is a demonstration to achieve enough scale so that there will be incentives for people to move in and for people to stay.

9. **In its current new construction activities, ICDC should look at upgrading the quality of the houses being offered by using brick and providing other amenities that can attract a broader range of buyers.**

While these amenities add cost, there could be a special financing program developed with CNE or a demonstration developer subsidy program developed with the City to support this kind of development.

10. **The Collaborative should explore tax abatement as a strategy for helping encourage investment by current owners and to discourage displacement through increased real estate taxes.**

In order to insure that existing owners can continue to be part of an improving neighborhood, it is appropriate to explore tax abatement as a strategy. This could involve abating taxes for a period of time, deferring taxes until the property transfers or providing a low-interest loan for owners to use in paying taxes.

All of the above strategies are designed to stimulate the real estate market toward the outcome of economic diversity in the neighborhood. Right now the market is not operating in a way that moves toward this outcome. In order to change this, direct intervention in the market is necessary.

Based on the current marketing activities of ICDC on their properties, there is an important body of knowledge that exists that can shape future actions. These are a series of questions ICDC should be able to answer or have their real estate agent answer that can help direct future marketing efforts. They are:

- Who has purchased so far? What is their demographic profile, e.g., family size, income, age, place of employment?
- Why did they choose the ICDC buildings? What attracted them to ML King? What other neighborhoods did they consider? Why did they choose ML King over those other neighborhoods?
- What about customers who were qualified to buy but did not? How did they respond to the house? How did they respond to the neighborhood?
- What are the main barriers that inhibit buyers from qualifying for a loan?

These questions and the answers to them can provide important information to shape future marketing actions.

C. Physical Conditions

Long Term Outcome: The physical condition of properties in ML King will reflect pride, order and a positive direction for the neighborhood. The physical condition of the public infrastructure will meet the standards of other healthy neighborhoods.

Current Situation: Physical conditions in ML King are generally weak. Many residential and commercial properties need repair. There is a substantial amount of overgrowth on the vacant land, which contributes to a sense of lack of control over public spaces. Eighth Street and some surrounding blocks provide a model of how public infrastructure investment can enhance a sense of neighborhood. While home improvement is needed, there is reluctance on the part of many, particularly seniors, to borrow. Concern about the quality of CNE's rehab work also surfaced in the discussions we had with neighborhood leaders.

Specific Strategies

- 1. Increase home improvement activity. There are several components in this strategy. They are as follows:**

Action Steps

- a) Focus on purchase-rehab. All assisted home purchases should have a rehab component.
 - b) Target marketing of home improvement loans, particularly around development sites. CNE may wish to utilize a special loan product at a low-interest rate for exterior improvements, e.g., fence, lighting, porch restoration, windows, painting.
 - c) ICDC, CNE and the neighborhood association might work together on a series of workshops designed to prepare people for home improvement. These workshops would include understanding ways to finance home improvement, working with contractors, preparing your house for work and the intrusion of contractors.
 - d) ICDC and/or CNE could conduct small mini-workshops on home maintenance at a seniors building.
 - e) The neighborhood association should compile a list of handymen who could be referred to do small jobs, e.g., change light bulbs, fix railings, etc. These would not be contractors, but simple home repair people.
- 2. ICDC and the neighborhood association need to work with the City on the planning and placement of infrastructure, i.e., calming devices, sidewalks, parkways, that can provide a framework for stimulating private investment.**
- 3. ICDC and CNE should target specific buildings and small sub-areas for intervention.**

Using the crime map as a guide, specific “hot spot” areas could be targeted for physical change.

Action Steps

- a) Acquisition and demolition of properties or acquisition and disposition of problem properties through a targeted use of the City’s spot blight ordinance
- b) Concentrated public maintenance and capital improvement activity to clean up and improve the area
- c) Targeted special home improvement loans

- d) Concentrated police surveillance and action on drug houses in a targeted area
- e) Concentrated code enforcement on problem properties
- f) When physical conditions and crime conditions begin to stabilize, activities to bring neighbors together

4. Set standards for rehab so that when people invest in their property, the result of their investment shows pride and respects the integrity of the building.

The aim here is not to impose rigid standards about what can or can't be done on homes, but rather to guide people toward improving in ways that do not detract from the look nor the ultimate value of the building. If CNE is financing home improvement in ML King, they need to instruct owners on the best kinds of improvements that can help set a standard.

An example of a reasonable, though not completely historic, standard could be described as follows:

- Siding: Vinyl 4x4 siding in historic colors or painted clapboard. No vinyl asbestos siding.
- Paint: Owners select from a multiple color palette. Owners are encouraged to highlight window frames/trim in appropriate colors from this palette.
- Porches: Will be rebuilt to original scale and proportion. Room enclosures on front porch will not be allowed.
- Windows: Need to be at original proportions. They can be wood, vinyl or metal, in appropriate colors.
- Doors: Should have detail and lites and should attempt to match original doors.
- Fences: White picket or wrought iron. No chain link.

5. CIF should support a small pool of grant money (\$15,000-\$25,000) to support block projects defined by block residents that help improve physical conditions and bring neighbors together on pride projects.

These might include clean-ups, yard sales, flower plantings, banners, street signs, etc.

6. CIF, the neighborhood association and the University need to work together to change ML King and McCallie into two-way streets.

In our discussions there was a unanimous interest in making this change. It would slow down traffic on the two streets and make them less of a barrier. This can have an important impact on better connecting the neighborhood to the University and Fort Wood.

7. Another important physical change is the development of the surface railway land that runs across the neighborhood.

This can also serve to connect ML King to the University and the redeveloping Southside.

D. Neighborhood Management

Long Term Outcome: When problems arise, neighbors can and do address them in ways that protect the neighborhood. At the same time, there will be a heightened sense of “neighborliness,” i.e., neighbors looking out for each other and carrying out projects to improve their block.

Current Situation: Neighbors view the neighborhood association positively. At the same time, there is the need to expand both the membership and the connections the association has with key institutions and developers (e.g., Rev. Hunter, CNE). As the neighborhood develops, it will be important for the association to be an advocate for the existing residents.

Specific Strategies

1. The neighborhood association needs to expand its membership base and strengthen its connection with local institutions.

It is important that the neighborhood have an organization that includes not only residents but other key actors. For ML King, that would include UTC, the many churches that are in the neighborhood, key social service agencies, businesses and entities that are connected to the Latino immigrant community. This does not mean that one organization “speaks for” the neighborhood because there are always multiple voices that may not be part of the organization. Rather, it means that there is a place where neighbors and institutions can come together and collaborate in ways that can serve each of their interests.

In order to achieve this, the association needs to put in place a process to reach out to institutions and key people who should be involved. The best way to do this is through a one-on-one interview process between a staff organizer and key people. The initial focus of these interviews is not to “sell” the neighborhood association but to find out what institutions think about the neighborhood and to identify their self-interest. Once these relationships are established, the organization needs to seek the involvement of others when there is a mutual self-interest.

2. The neighborhood association should develop and support a network of block captains to expand the impact of the organization.

Those residents involved in the association need to see some responsibility for knowing their neighbors and involving them on specific projects to improve their blocks. Block captains may need some training in organizing and carrying out special block improvement projects. The development of a small grant program by CIF, described earlier in this report, would be an important tool these block leaders could use to impact their block and pull neighbors together.

3. Along with involving institutions in the work of the association, the association should get its leadership involved in the institutions in the neighborhood, e.g., UTC, ICDC, ML King Development Corporation.

This, of course, will require more members who have the skills to participate on boards so that the work is spread out.

In ML King, the neighborhood association can play a significant role in the redevelopment of the neighborhood. To enhance this role the association really needs to articulate what kind of development it supports. The ideas and strategies laid out in this report can provide both a policy direction and specific ways of carrying out that strategy. In simple terms that policy direction can be expressed as follows:

1. For this neighborhood to survive as a healthy place we need to attract homeowners. We want to see development that can help build this homeowner base.
2. In order to achieve real economic diversity we need to attract people who have higher incomes. We want to support development that does this.

3. At the same time, we want to make sure that those owners and tenants who have contributed to the neighborhood can benefit from development.
4. We want to be good neighbors, just as we expect the institutions that are here to be good neighbors with us. We want to collaborate on decisions that affect the neighborhood. We will support and mobilize support for those decisions that positively impact the neighborhood. We expect the support of our institutional partners for our efforts that positively impact the neighborhood.

These statements position the organization as one that supports development, but will also be an advocate for existing residents. It presumes that a real collaborative effort can be developed with a variety of institutional partners, based on a common set of expectations and commitments.

VI. Key Roles

For these strategies to achieve maximum effectiveness in revitalizing ML King there are key entities that need to play specific roles. They are as follows:

1. CIF

In terms of specific funding for projects outlined in this plan:

- Acquisition fund for the Collaborative (\$150,000 - \$250,000 recoverable grant)
- Mini-grants for block activities (\$15,000)
- Leadership development training for neighborhood residents
- Support for an organizer to expand the neighborhood association
- Support for ICDC to expand its role in managing the real estate market

2. CNE

As a lender:

- Use of basic lending tools: home improvement loans, purchase-rehab loans
- Special incentive financing to stimulate home improvement around development sites and on targeted blocks, e.g., low-interest loans for exterior improvement
- Supportive services to UTC on an employer-assisted home ownership program: administration, home buyer education, marketing, loan packaging, first mortgage financing

As a developer:

- CNE should reconsider their decision to do a tax credit rental project on ML King. CNE might look at acquiring the problem building across the street from their site and using that site along with this land along ML King for rental, with the balance of the land used for home ownership. However, one must recognize that CNE has a considerable amount invested in this project to date and may not be able to abandon it. CNE should look at the design of the project to ensure that it is appropriate for the neighborhood.
- CNE should work closely with the neighborhood association on any future development plans and design

3. UTC

- UTC should continuously involve neighborhood leadership in their expansion plans
- UTC should explore developing an employer-assisted home ownership program targeted to ML King. Components of this program might be:
 - down payment assistance for employees in good standing, with higher amounts for the first five buyers
 - a loan fund, administered by CNE, to finance higher quality rehab for employees purchasing existing homes
- UTC might want to replicate the Clark University program and provide free tuition for all qualified students living in ML King

4. ICDC

ICDC currently is a developer of affordable housing. As a developer in ML King we recommend that ICDC develop some houses in the \$90,000-\$120,000 range--houses with more amenities and designed to appeal to some of the target markets described in the marketing plan. ICDC might partner with CNE on a financing product that could encourage buyers to purchase these properties (e.g., a bigger, lower-priced second) and on housing counseling.

5. The City

There are several key roles for the City suggested in this report. They are:

- Pulling together an inventory of properties and ownership
- Targeted use of the blighted property ordinance in cooperation with the neighborhood association

- Targeted code enforcement on specific properties
- Collaboration with the police department
- Acquisition and packaging of vacant lots for development through a request for proposal process and providing developer incentives
- Provide infrastructure
- Support conversion of one-way pairs

6. The Neighborhood Association

There are several important roles that the neighborhood association could play. First, there is a role of influencing development so that it produces the right outcomes for the neighborhood. Second, there is a role of connecting institutions and entities together. Third, connect neighbors to each other through outreach and positive projects. Finally, there is a role for the association to play in mobilizing people on issues of concern to the neighborhood.

VII. Sequence

The following graphic illustrates how these various strategies could be implemented over the next 24 months. It also shows a reasonable level of achievement for the neighborhood at the end of that period.

	Short-Term (0-6 months)	Mid-Term (6-9 months)	Longer-Term (9-24 months)	Achievements at 24 months
BUYER /REHABBER OUTCOMES BY PHASE	Key players have enough information to move forward.	A few “innovators” buy homes and a few existing owners improve homes.	The next few people, “early adopters”, buy and rehab.	ICDC and CNE properties come on line and achieve occupancy by “early majority” buyers and renters.
IMAGE	<ul style="list-style-type: none"> ▪ increase police action on loitering ▪ develop newsletter ▪ identify and train 3 neighborhood ambassadors ▪ develop templates for marketing materials so they are ready to go when content is ready. ▪ begin research on history of neighborhood properties. ▪ design neighborhood banners, entry signs, street-toppers. 	<ul style="list-style-type: none"> ▪ begin code enforcement ▪ distribute newsletter ▪ market incentives to target markets. ▪ continue research on history of neighborhood properties, develop plan and funding for plaques, tours, marketing, etc. ▪ put up first round of banners and street-toppers on first focal street. ▪ sales training for agents 	<ul style="list-style-type: none"> ▪ continued police activity/evaluate results ▪ continue newsletter ▪ expand ambassador base to 5/train/use in marketing efforts ▪ heavily market personal stories of first few buyers and rehabbers to neighborhood and other target markets to inspire next round ▪ market incentives to target markets ▪ implement historic ML King program and market to neighborhood and target markets ▪ continue putting up banners and street-toppers, put up neighborhood entry signs 	<ul style="list-style-type: none"> ▪ reduced loitering, etc. ▪ 5 commercial buildings upgraded
MARKET	<ul style="list-style-type: none"> ▪ conduct property inventory ▪ acquire 2 properties ▪ conduct target market interviews, refine marketing messages and strategies as appropriate ▪ organize incentive systems for buyers and rehabbers 	<ul style="list-style-type: none"> ▪ identify assemblages ▪ acquire/hold 3 properties, decide on outcomes for held properties and market to target buyers ▪ market heavy incentives for the first few buyers. ▪ ICDC and CNE break ground on their next 	<ul style="list-style-type: none"> ▪ begin sale of acquired properties ▪ assuming market exists: <ul style="list-style-type: none"> -initial land is assembled - RFP is issued -buildings are built, sold and financed -project continues as appropriate 	<ul style="list-style-type: none"> ▪ 5 buildings turned around ▪ spot demolition ▪ 10-15 \$180,000 homes ▪ 10 \$80,000-\$100,000 homes ▪ 1 20-unit rental

	<ul style="list-style-type: none"> begin developing UTC employee program, tuition program, home equity assurance program 	<p>projects.</p>	<ul style="list-style-type: none"> market heavy incentives for the first few buyers. market held properties to target buyers implement employer-assisted programs at nearby employers 	
PHYSICAL CONDITIONS	<ul style="list-style-type: none"> develop standards begin home improvement workshops develop special exterior loan product compile list of handymen organize, prioritize capital improvements 	<ul style="list-style-type: none"> initiate first spot blight actions target home improvement lending as per plan market heavy incentives for the first few rehabbers, apply standards where possible promote small grants begin capital infrastructure improvements. 	<ul style="list-style-type: none"> continue home improvement lending around new development sites continue workshops continue small grants infrastructure work continues market heavy incentives for the first few rehabbers. Apply standards where possible. continue code enforcement. 	<ul style="list-style-type: none"> 20 home improvement loans 7 block projects infrastructure improvements two-way streets
NEIGHBORHOOD MANAGEMENT	<ul style="list-style-type: none"> begin one-on-ones with churches identify block leaders train neighbors on revitalization plans create systems for block-grant program 	<ul style="list-style-type: none"> continue to recruit block leaders expand membership base recruit new homebuyers and rehabbers to active participation with neighborhood association implement block-grant program 	<ul style="list-style-type: none"> continue outreach and training recruit new homebuyers, rehabbers to active participation with neighborhood association award and publicize block grants plan celebration event for neighborhood 	<ul style="list-style-type: none"> 100 individual and institutional members
EVALUATION	<ul style="list-style-type: none"> develop evaluation plan 	<ul style="list-style-type: none"> collect baseline data photographic inventory property condition survey 		<p>measures of:</p> <ul style="list-style-type: none"> image change neighbor perception income mix dollars invested property values change in tax base

VIII. Evaluation

The preceding plan looks at strategies to improve the image, market, physical conditions and extent of neighborhood management in the ML King neighborhood.

There are a set of indicators to measure changes in each outcome category and a method to measure each indicator. There is an immediate need to collect a set of baseline information about the neighborhood that relate to these outcomes.

In terms of the evaluation, there is an important distinction that needs to be made up front in terms of what is being evaluated and how the evaluation should be conducted. From our perspective, the evaluation should look at changes in the quality of life in the neighborhood in the context of the four outcomes. It should not evaluate the effectiveness or organizational capacity of any of the stakeholders. While this is important, it can detract from the fundamental evaluation questions relating to neighborhood conditions. Second, the evaluation should be seen as useful to the leadership of ML King and not so scientific that it becomes more useful to the evaluator than to the neighborhood.

Here are a set of fundamental questions that should guide the evaluation of the strategies described here:

1. Did these strategies have a positive influence on housing values?
2. Are people making more choices in favor of reinvesting in older homes?
3. Is the neighborhood attracting and retaining a diverse base of residents?
4. Are residents identifying with their neighborhood as a positive place?
5. Are block clubs, groups and other grassroots efforts getting stronger?
6. Is there a growing core of neighbors engaged in managing day-to-day issues?
7. Is the image of the neighborhood changing among key stakeholders?

From these basic questions, a set of indicators can be developed. They are as follows:

Indicator	Method	Baseline	What Movement Means	Frequency
A. IMAGE				
1. Non-resident stakeholder impressions of ML King	interviews	Fall 2000	change in perception by key outsiders	beginning/end
2. Resident impressions of ML King	key person interviews	Fall 2000	change in perception among residents	beginning/end
3. Crime rate	crime reports by property crime, violent crime per capita	1999	increase in reporting may indicate more resident activity/lower threshold	annual or quarterly
4. Neighborhood confidence	survey/key person interviews	Fall 2000	increase in neighborhood confidence	beginning/end
5. Media coverage	review of media coverage	1999	more positive stories about ML King	quarterly

Indicator	Method	Baseline	What Movement Means	Frequency
B. MARKET				
1. Change in market values against change in city	analysis of last 20 transactions from MLS/records to set sale price	1999/2000	increase in property values at a % equal or better than city	annual
2. New buyer composition	demographics on new buyers from CNE, ICDC, other new development or purchases	2000	diversity of income on new buyers	annual
	existing owner demographics from Census	1990 2000		
3. Number of real estate agents with listings	MLS/interviews with realtors	2000	as market improves more agents will work in neighborhood	annual
4. resident perception of market direction	survey/key person interviews	2000	residents will perceive values increasing and will have made a judgment about this	beginning/end
5. Purchase mortgages	number of purchase mortgages made/by whom	1998	increased # of mortgages made by conventional lenders indicate health	annual
6. Land disposition	analysis of vacant land	1999	as market improves, vacant land will be re-utilized	annual
7. # of vacant properties	# of vacant buildings, by survey	1999	as market improves, vacant buildings will be re-utilized	annual
8. # of parcels tax delinquent	tax records	1999	fewer properties in arrears indicate positive change	annual
9. Tax charged versus tax collected	review of tax records for ML King with collector's office	1999	as neighborhood improves, tax base will increase, as will percentage of taxes collected on time	annual

Indicator	Method	Baseline	What Movement Means	Frequency
C. PHYSICAL CONDITIONS				
1. Condition of properties and spaces	documenting property condition through survey and photo database	2000	as neighborhood improves, properties will look better	beginning/end
2. Code violations	number of properties with violations, rates of compliance	2000	as neighborhood improves, properties cited may increase, but compliance will also increase	annual
3. # of home improvement loans	review of HMPA/CNE records	1999	home improvement activity will increase	annual

Indicator	Method	Baseline	What Movement Means	Frequency
D. NEIGHBORHOOD MANAGEMENT				
1. Neighboring behavior	resident survey	2000	more people will exhibit neighboring behaviors	beginning/end
2. Participation	resident survey	2000	participation will increase	beginning/end
3. Transience	stay or move question on resident survey	2000	more people will be likely to stay	beginning/end
4. # of community projects	ongoing collection of information on projects and participants	2000	more projects/greater participation levels	annual
5. Capacity to manage issues	key person interviews and anecdotes	2000	key leaders will describe growing capacity and will illustrate with stories	beginning/end

Along with the evaluation activities relative to these indicators there is a second component of the evaluation, which is a narrative evaluation that looks at the process for decision-making, how those decisions played out on the ground and how adjustments are being made. This kind of evaluation can be most useful to the leadership as they carry out the strategies listed in this report.

Some of these indicators and methods can be used in other neighborhoods, too, but some are special for ML King, given existing conditions, e.g., vacant land disposition. In other neighborhoods with more conventional real estate activity, additional indicators can be added to better measure changes in the market (e.g., time on market indicators, more realtor interviews, etc.)

Conclusion

It is reasonable to assume that there is a relationship between how a place is defined and how people define themselves. If a neighborhood like ML King is defined as poor, dangerous and a place worthy of only subsidized investment, it becomes a second-class place. The threshold of expectation for the place and its people is lowered and, to some degree, it can be internalized by residents.

The challenge of revitalization in ML King is to change how the place is defined, both by people outside the neighborhood and among residents. The collection of strategies outlined here are tools that can be used to carry out that task. They help raise the threshold of what can be expected in ML King, about what kinds of behaviors are permitted, who could move into the neighborhood, what things are expected to look like and whether or not an organization is watching over the neighborhood.

The neighborhood brings a lot to this challenge in terms of assets. Location, interesting housing stock, neighbors who have been there a long time, new neighbors with commitment and energy and, of great importance, a place with character and history. These assets, which connect to the strategies, provide the critical base for the revitalization of the neighborhood.

The approach suggested here and the day-to-day work that needs to follow requires the neighborhood association to think and act on two levels simultaneously. On one level, the organization needs to influence development and move-in decisions for people who will likely have more income than existing residents. On the other hand, the organization needs to keep a focus on the people who are there now, helping them improve their homes, providing opportunities for people to improve their housing situation and helping to enhance a sense of neighborhood. If these two ways of thinking and acting are integrated in the day-to-day work of implementation, ML King can be a truly diverse, healthy neighborhood.

Budget Items

Line Item	Amount
Revitalization Strategy	
Acquisition fund for the Collaborative (recoverable grant)	\$150,000 - \$250,000
Leadership development training for neighborhood residents	
Continued support for an organizer to expand the neighborhood association	
Support for ICDC to expand its role in managing the real estate market	
Matching funds for new construction incentives	\$400,000 - \$600,000
Block Club Mini-Grants	\$15,000-\$25,000
Marketing	
Flyer development (photography, design).	\$500.00
Flyer production and copying X 2: 1) Renters 2) Owners 500 copies each	\$250.00
Coupon design and production.	\$200.00
Friends and Family bonuses: 10 @\$500	\$5,000.00
Open House supplies/refreshments. \$300 x 3	\$900.00
Homebuyer education "report-back" incentives: 10 @ \$25	\$250.00
Property renovation renderings X 5.	\$1,000.00
Other products/programs (may be funded by sponsors):	
Home Equity Assurance Program	
UTC Tuition Program	
Employer-Assisted Home-Ownership Programs	
Historic M. L. King Strategy	

Part Two: Marketing Plan

M.L. King Neighborhood: Marketing Plan for Increasing Home Ownership

Introduction

After many years of decline and transition, there remain only two small areas in all of M.L. King, in the northeast and southeast quadrants, that could be described unequivocally as residential. Even these are at great risk of disappearing under the weight of inattentive landlords, transient renters, an overwhelmingly elderly owner population whose homes have no prospect of owner-occupants when they leave, demolition and institutional encroachment. The M.L. King neighborhood simply won't be a neighborhood much longer without reinforcements to the relatively few neighbors who have a long-term commitment to restoring a healthy residential component in this historic (small "h") district of Chattanooga. While commitment doesn't always come in the package of ownership, it is greatest there, and new owners in a neighborhood are a critical component of restoring confidence in a neighborhood's future.

For these and other reasons (see attached summary of J. Michael Collins' *The Many Benefits of Home Ownership*), home ownership is a focal point of the revitalization strategy for M.L. King. The challenge is find the right combination of neighborhood attributes, housing products, messages, incentives and target markets to enable M.L. King to compete successfully for new homebuyers.

The methodology for drafting this plan followed the process outlined in *Elements of a Marketing Strategy*, a Neighborhood Reinvestment Corporation publication. Basically, the process focuses on

clarifying what is to be accomplished,

determining who the target markets are and what products they want, both tangible and intangible,

developing effective messages, strategies, and tools with which to reach the target markets.

The plan includes the following sections:

1. Marketing Goal
2. Target Markets
3. Target Market Analysis
4. Product Analysis
5. Marketing Messages
6. Marketing Strategies and Tools
7. Training the Team
8. Timetable
9. Evaluation

1: Marketing Goal

Create 10 new homeowners in M.L. King in year one: three for existing neighborhood stock, seven for newly constructed homes.

2: Target Markets

One of the cornerstones of conventional wisdom in private-sector marketing is market segmentation – the division of the market for goods or services into segments of consumers with like characteristics in order to more precisely develop products, messages and strategies that meet their interests and needs. The simple example used in our training was McDonald’s marketing to prospective employees. By choosing two likely market segments from the universe of employable people – teenagers and senior citizens - they were able to mount two campaigns that were more appealing, more personalized and more successful, with products, messages and marketing strategies tailored to each.

Determining target markets is as much an art as a science. However, there are a few rules of conventional wisdom that apply. First of all, we look at those potential customers who are *most likely* to want our products, as opposed to trying to go after the most challenging market possible. We can inform this thinking by focusing on the attributes of the neighborhood and who would appreciate those.

The marketing planning group (MLKNA members, CNE staff, CIF staff, UTC staff) brainstormed potential homebuyer target markets based who is already showing some interest in M.L. King and who we could reasonably hope to inspire interest in with some incentives, and then reduced the list to six, in no particular order:

Neighborhood Church Members: There are an extraordinary number of churches in M. L. King. Most of the members travel in from outside the neighborhood. We talked about what an impact it would have on M.L. King if only ten of these churches produced five homebuyers each for the neighborhood. One of the angles the group would like to pursue is to inspire a religious commitment to service in the form of living in the neighborhood, like movements in Atlanta and Chicago.

Young African-American Professionals: Possibly the most unique characteristics of M. L. King are its history as the once-thriving African-American community of Chattanooga, the home of world-famous blues great Bessie Smith, and a cultural center for African-Americans throughout the southeast United States. In many other communities, young African-American professionals are moving back to historic black neighborhoods to both restore and enjoy their historic character.

UTC Employees: UTC is an enormous presence in the M. L. King district. We recommend pursuing an employer-assisted campaign based on proximity to work. Successful models of such university-neighborhood partnerships abound; among them, Yale University in Hartford, CT and Clark University in Worcester, MA.

Erlanger Hospital Employees: In similar fashion, we recommend an employer-assisted campaign based on proximity to work.

Existing Neighborhood Renters: These are neighbors who have already chosen the neighborhood and do not have an uneducated stigma attached to it.

Friends and Family of Existing Owners: With some incentives, existing neighbors can be a strong sales force for the neighborhood to their friends and family. Friends and family probably already visit and spend time in M. L. King so they may be more easily convinced of a positive future for the neighborhood. We can also sell proximity to friends and family members already living in the neighborhood as a benefit of buying in MLK.

3: Target Market Analysis

The next step is to analyze these markets so we can tailor products, messages and strategies to each.

	Church Members	Young A-A Professionals	UTC Employees	Erlanger Employees	Neighborhood Renters	Friends and Family/Existing Owners
Who are they?	Congregations of churches in or near MLK. Probably those with strongest religious convictions will value the idea of living in an urban neighborhood as witness. We might also assume first-time buyers as most likely. Their incomes are basically irrelevant, though they probably need to earn at least \$14,000 to qualify for a home purchase.	College-educated African-American professionals, mostly between 22 and 40. Earn incomes of \$40,000 to \$100,000. May or may not own a home already. Will be most likely candidates for very large historic homes in the neighborhood that require a lot of repair and renovation.	Staff and faculty of UTC. Probably renting and fit first-time buyer profile (25-35, \$20,000-\$50,000, married or single, few children if any.)	Staff of Erlanger. Probably renting and fit first-time buyer profile at somewhat lower incomes than UTC (25-35, \$16,000-\$35,000, married or single, few children if any.)	Renters in M.L. King. Need to earn household incomes of \$14,000 and up (about \$6.75/hour full-time) to qualify for home ownership. May be singles, marrieds, with or without children. Probably between the ages of 20 and 60.	Renter friends and family of neighborhood residents (especially owners because they have a greater financial investment in the neighborhood). Possibly young professionals who grew up in the neighborhood, adult children of existing owners. They've spent time in the neighborhood and don't have an uneducated fear about M.L. King.

	Church Members	Young A-A Professionals	UTC Employees	Erlanger Employees	Neighborhood Renters	Friends and Family/Existing Owners
Where are they?	Attending churches in or near MLK on Wednesday nights and Sunday mornings. Probably live in suburbs now.	Probably live in a suburb now. Work for major employers: Provident, TVA, Blue Cross, Dupont, Erlanger, and for nonprofits and churches. Members of African-American fraternities and sororities. May attend neighborhood churches.	At university Mon-Fri. Probably live in suburbs now.	At hospital on all shifts. May attend church in MLK.	Residing in rental properties; patronizing local laundromats, convenience stores and other businesses; attending local churches.	Renting in suburbs, visiting friends or family who live in M.L. King, attending church there, etc.

	Church Members	Young A-A Professionals	UTC Employees	Erlanger Employees	Neighborhood Renters	Friends and Family/Existing Owners
What do they want?	<ul style="list-style-type: none"> ▪ To live and act on religious values ▪ To care for those in need ▪ The usual benefits of home ownership ▪ To be a leader for others ▪ Proximity to church, possibly church childcare ▪ May value history of MLK ▪ May value proximity to downtown ▪ Exit option (resale value) ▪ Safety, especially where children are concerned ▪ New detached/ garage/brick home with suburban amenities. ▪ Nice yards, curb appeal. 	<ul style="list-style-type: none"> ▪ High-quality neighborhood ▪ Trendy location ▪ May value the historic nature of MLK, being a part of restoring it to grandeur. ▪ Ready to take on leadership roles in community. ▪ Want a large home with suburban amenities – either a grand restoration or a new (brick) detached home with garage. ▪ A great deal on price/ financing to make up for the financial risk they would take in MLK. ▪ A convincing plan for revitalization. ▪ To get a large return on their investment. ▪ To know that others like them are willing to take the risk of buying in MLK. ▪ Nice yards, curb appeal. 	<p>Standard benefits of home ownership Safe neighborhood Short commute A good deal on a home/ affordable home</p> <ul style="list-style-type: none"> ▪ New detached/ garage/brick home with suburban amenities. Nice yards, curb appeal. Church childcare may be appealing <p>Exit option (resale value) A great deal on price/ financing to make up for the financial risk they would take in MLK.</p>	<p>Standard benefits of home ownership Safe neighborhood Short commute A good deal on a home/ affordable home</p> <ul style="list-style-type: none"> ▪ New detached/ garage/brick home with suburban amenities. Nice yards, curb appeal. Church childcare may be appealing <p>Exit option (resale value) A great deal on price/ financing to make up for the financial risk they would take in MLK.</p>	<p>To get a good deal and benefit from revitalization</p> <ul style="list-style-type: none"> ▪ Financial benefits of home ownership ▪ To stop paying rent (enriching a landlord) ▪ Control over where they live ▪ An asset – an investment ▪ Good neighborhood ▪ Easy process ▪ Not to get turned down ▪ To know that someone they trust (like themselves) has already taken the risk <p>A house that is new or looks new, high-quality (probably can't easily imagine an abandoned house fixed-up)</p>	<p>Standard home ownership benefits A safe neighborhood where property value will appreciate To live near their friends and family To live near the institutions that serve them (church, employers, etc.)</p> <ul style="list-style-type: none"> ▪ New detached/ garage/brick home with suburban amenities. Nice yards, curb appeal. A great deal. To “get in on the ground floor.”

4: Product Analysis

The products we are selling include the neighborhood, the housing stock, and financing.

Neighborhood

Clearly this neighborhood has been at a competitive disadvantage relative to other choices; otherwise we wouldn't be revitalizing it. The problems include real and perceived crime and disorder, depressed property values relative to suburban neighborhoods, blighted property conditions and vast expanses of vacant land. All of these issues are addressed in the neighborhood strategy, but at this point MLKNA is selling the *promise* of these problems being fixed and the potential for appreciation.

A very important asset of MLK is its historic significance to the African-American community. This asset could be greatly enhanced by a concerted effort to document and draw attention to it with building plaques, walking tours, historic public improvements and private building restorations, as well as a retail mix and marketing strategy for M. L. King Boulevard that emphasizes its history and draws from a regional trade area. The historical theme could be carried into new construction of homes and public areas with relevant development names.

We recommend pursuing two other assets/incentives to make MLK more competitive for homebuyers:

1. **Free Tuition Program at UTC.** As part of its neighborhood revitalization program, Clark University in Worcester, MA has offered free tuition to any neighborhood resident who meets their academic criteria. This has had a dramatic impact on the value of the neighborhood to potential homebuyers.
2. **Equity Guarantee Program.** The complete lack of belief that home values in MLK will remain stable or appreciate is a major obstacle to attracting homebuyers. To combat this obstacle, a few communities across the nation are currently experimenting with assurance funds that guarantee the equity investment of homebuyers.

Housing Stock

The housing stock in MLK is diverse in size, mostly older, and much of it is in need of repair and visually unappealing. The best stock, which should be modeled in new construction, is moderately large, brick detached. Most existing properties need moderate to significant repair and improvement to meet code and to set a standard for the neighborhood.

There has been so much demolition in MLK that there isn't currently enough housing stock to meet the demand we would like to create with this marketing plan. New construction of homes designed to meet the desires of target markets will be critical to the success of MLK's revitalization. While there is a great deal of vacant land in MLK,

there are only a few developments on the table in the near future. Because each new development is an opportunity to send a message about the future of the neighborhood, it is very important that they are intentional in avoiding uses that would further reinforce the neighborhood's image as a place of last resort for a transient population.

Several nonprofits and private developers own parcels of developable land in MLK – the MLKNA needs to take on a role of advocate for the neighborhood's interests to influence as much as possible how these parcels are developed. Neighborhood leaders want, and the neighborhood clearly needs, more high-quality, single-family, owner-occupied stock that is appealing to a variety of income groups, including those at the high end. For the next few years, MLKNA should work proactively with developers to try and shape projects, whether rental or home ownership, to the highest standard possible.

Two controversial developments are currently on the table. One is 779 MLK, a site owned by CNE, with plans for an affordable rental project. While we had hoped this could be changed to a home-ownership project, CNE already has Low-Income Housing Tax Credits for the site, which are non-transferable. To abandon the project at this point would cause severe repercussions for CNE's ability to get tax credits for other projects in the future. Given this scenario, we recommend a number of things to make this development have the greatest positive impact for the neighborhood:

- ❑ Implement and advertise strict tenant screening to reinforce an image of safety and high quality.
- ❑ Adopt a few site redesigns that CNE staff Bob McNutt has proposed to make the development more neighborhood-friendly.
- ❑ Recruit tenants to active participation in the MLKNA so that they become part of the neighborhood leadership (and might also become homebuyers in MLK).

The other development of concern is the old Park School. While MLKNA would like to see this developed as loft apartments/condominiums, rumor has it that the owner is planning a single-room occupancy (SRO) project for transient adults. Needless to say, this would not help to build the image necessary to attract homebuyers to the neighborhood. MLKNA should meet with the developer to try and shape another outcome.

Financing

There are plenty of low-down payment first mortgage products and down-payment assistance products in the Chattanooga lending community. CNE in particular has the kind of incentive loan products that could attract buyers to this neighborhood were they focused there. Currently, CNE does not offer geographic incentives – only incentives to people with low incomes, though there is potential for this to change as CNE works to cultivate the revitalization side of its business.

While CNE's loan products are very flexible and appropriate for homebuyers in MLK, a potential obstacle to their use is CNE's reputation among neighborhood leaders. One of the most damaging perceptions is that CNE only builds low-income, cookie-cutter housing stock that neighbors feel will undermine the market. In fact, CNE has built a wide variety of housing stock, including a market rate townhouse development at Cowart Place in Southside. CNE is also working hard to develop a geographically focused side to its work and it makes sense for MLKNA to work with them to garner effective resources for M.L. King, access CNE's expertise and to help shape the kind of development projects the neighborhood most wants.

All financing incentives need to be available to buyers earning more than 80% of median income. All new product proposals are detailed in the revitalization strategy document.

5: Marketing Messages

Church Members	Young African-American Professionals	UTC Employees	Erlanger Employees	Neighborhood Renters	Friends and Family/Existing Owners
<p>[These messages will be related to connecting religious conviction with buying a home in MLK and values of stewardship. Will need to be developed after meetings with pastors – see section 6: Marketing Strategies.]</p>	<p>Want to own a piece of African-American history <i>and</i> build your wealth?</p> <p>The M. L. King neighborhood has historic homes at bargain prices, <i>and</i> the financing to renovate them. We also have high-quality, new homes with all the amenities of suburban homes.</p> <p>MLK is revitalizing and becoming home for successful African-American professionals who want to help restore the “Jewel of the South”, be a part of an exciting in-town community, <i>and</i> live in a beautiful home that will hold its value.</p> <ul style="list-style-type: none"> ▪ bargain-priced historic properties in a neighborhood that won't be a bargain 	<p>Want to walk to work <i>and</i> own a home guaranteed to hold its value?</p> <p>Spend less time commuting and more time doing what you want to do.</p> <p>The M. L. King neighborhood has historic homes at bargain prices, <i>and</i> the financing to renovate them. We also have high-quality, new homes with all the amenities of suburban homes <i>with</i> special low-interest financing so you'll get a great deal.</p> <p>MLK is revitalizing and becoming home for successful people who want to live in an historic area, be a part of an exciting in-town community, <i>and</i> live in a beautiful home that will hold its value.</p>	<p>Stop Paying Rent and Start Building a Future – and Walk to Work!</p> <p>If you ever thought about buying your own home, now is the time to do it. The M. L. King neighborhood has high-quality, new homes with all the amenities of suburban homes, <i>with</i> special low-interest financing so you'll get a great deal.</p> <p>When you own your home, you can:</p> <ul style="list-style-type: none"> stop paying rent and start building a future pay less taxes control your environment walk to work 	<p>Stop Paying Rent and Start Building a Future.</p> <p>If you ever thought about buying your own home, now is the time to do it. The M. L. King neighborhood has high-quality, new homes with all the amenities of suburban homes, <i>with</i> special low-interest financing so you'll get a great deal.</p> <p>When you own your home, you can:</p> <ul style="list-style-type: none"> stop paying rent and start building a 	<p>M. L. King Neighbors: Earn \$500 <i>and</i> a stronger neighborhood!</p> <p>If you have a friend or family member who's been thinking about buying a home in M. L. King, tell them now is the time to stop paying rent and start building a future.</p> <p>More owners in our neighborhood mean safer streets and stronger housing values. And owners that are friends and family mean strong neighbors that are willing to look out for each other and keep M. L. King healthy.</p> <p>For a limited time, we will give you even <i>more</i> reason to recruit homebuyers to M. L. King by offering a \$500 bonus to any</p>

Church Members	Young African-American Professionals	UTC Employees	Erlanger Employees	Neighborhood Renters	Friends and Family/Existing Owners
	<p>for long</p> <ul style="list-style-type: none"> ▪ special financing for purchase and renovation of old or new homes ▪ equity assurance program that guarantees your home equity ▪ UTC Free Tuition Program ▪ contacts with people like you who have already made the choice <p>All kinds of people are investing millions in the restoration of this historic neighborhood. If you missed out on Fort Wood when it was affordable, don't miss out on MLK.</p> <p>Call the MLKing Neighborhood Association now for more information on financing and qualified Realtors.</p>	<ul style="list-style-type: none"> ▪ bargain-priced historic properties in a neighborhood that won't be a bargain for long ▪ special financing for purchase and renovation of old or new homes ▪ equity assurance program that guarantees your home equity ▪ UTC Free Tuition Program ▪ contacts with people like you who have already made the choice <p>All kinds of people are investing millions in the restoration of this historic neighborhood. If you missed out on Fort Wood when it was affordable, don't miss out on MLK.</p> <p>Call _____ now for more information on financing and qualified Realtors.</p> <p>[add details of any incentive program sponsored by UTC]</p>	<p>spend less time commuting and more time doing what you want to do</p> <p>You can own right here in MLKing – an area that is expected to become the next Fort Wood. Buy now while prices are affordable, and enjoy the benefits of appreciation.</p> <p>Call _____ now for more information on financing and qualified Realtors.</p> <p>[add details of any incentive program sponsored by hospital]</p>	<p>future pay less taxes control your environment</p> <p>You can own right here in M.L. King – an area that is expected to become the next Fort Wood. Buy now while prices are affordable, and enjoy the benefits of appreciation.</p> <p>Call the MLK Neighborhood Association now for more information on financing and qualified Realtors.</p>	<p>resident who refers a buyer to the M. L. King Neighborhood Association. (The buyer must close on a M. L. King home and become its occupant.)</p> <p>We know that M. L. King is revitalizing and that means prices will go up. We want to make sure friends and family of current M. L. King neighbors are able to “get in on the ground floor” and enjoy the benefits of revitalization – so we are working to connect buyers, special financing, real estate agents and houses.</p> <p>Don't let the opportunity to own a home in M. L. King pass them by! To find out more, call us today at XXX-XXXX.</p>

6: Marketing Strategies and Tools

In order to prioritize and focus marketing efforts, start the time-lining process by identifying the top two four-week home buying times (e.g., May, September), and prioritize these 4-week periods (or the periods immediately preceding them) for marketing campaigns during which the following strategies will be implemented. Then plan back from those dates to allow enough lead-time for flyer, open house, coupon and other production.

Product Development

- a) **Employer-Assisted Home-Ownership Programs:** These are becoming common throughout the nation. CNE has already done one with Memorial Hospital, although it was not neighborhood-focused. We propose that employer-assisted home ownership programs be started with UTC and Erlanger, but focused on M.L. King. See Strategies for UTC and Erlanger Employees, below, for more. Also contact Ken Gross at CNE.
- b) **Home Equity Assurance Program:** These programs insure buyers against losing the equity in their home due to a decline in market values, and can be an incentive to buyers worried about the market. For more information, contact Helen Juozapavicius with the Southwest Home Equity Assurance Program in Chicago, 773-434-8220.
- c) **UTC Tuition Program:** For more information on a successful program, contact Jack Foley, Assistant to the President, Clark University, 508/793-7444.
- d) **Bonuses/Incentives:** \$500 “Friends and Family” bonuses to existing residents who refer a friend or family member to MLKNA, if that person closes on a M.L. King house.
- e) **Historic M. L. King Strategy:** As mentioned previously, a very important asset of MLK is its historic significance to the African-American community. This asset could be greatly enhanced by a concerted effort to document and draw attention to it with building plaques, walking tours, historic public improvements and private building restorations, as well as a retail mix and marketing strategy for M. L. King Boulevard that emphasizes its history and draws from a regional trade area. The historical theme could be carried into new construction of homes and public areas with relevant development names. We recommend a group of people be organized, with the assistance of summer interns from UTC, to research property ownership, document historic buildings, and make recommendations for plaques, walking tours, capital improvements and other items to reinforce MLK’s historic nature.

Strategies for Renters, Friends and Family, Existing Owners

Develop interest in buying a home, and buying it in M.L. King, and a call for the next step (calling MLKNA to find out more) using the following strategies and tools:

- a) Produce flyer with marketing message for renter and existing owner target markets, rotate distribution in neighborhood businesses. Include photos of a variety of people who represent the races and ages of potential buyers in these target markets.

- b) Hold an open house for neighborhood renters and owners at each new development of for-sale properties; distribute renter and owner flyers there. When marketing this event, offer a small incentive for attending open house such as a specialty-advertising item.
- c) Produce a coupon for a discount on homebuyer education at CNE; attach it to all flyers.
- d) Offer an incentive to all phone inquiries to report back to you when they buy a home. This way you'll know more about the impact of your work. (Incentives others have used for this purpose include a \$25 department store or home improvement store gift certificate, brass mailbox, cash.)
- e) Meet with block captains and tell them about the marketing plan. Talk about the importance of recruiting new homebuyers to the neighborhood. Distribute flyers through block club captains. Make them eligible for the "friends and family" bonus if they get anyone to buy in the neighborhood.
- f) When new buyers do buy in M.L. King, do flyers with their story and photo, mail to all M.L. King residents with messages about buying in M.L. King, or feature them in cover story of newsletter.
- g) Where there is a cooperative real estate agent, do a postcard for properties listed for sale (one for each property) and mail it to all residents in a four-block radius. Note the property's asking price, who the agent is, what a likely down payment and monthly payment would be, and information about the "friends and family" bonus.

Strategies for Churches

The primary strategy with churches is to pursue the idea of inviting church members to connect their religious convictions and values of stewardship with buying a house in M. L. King. As mentioned previously, this idea is being employed in congregations across the country. The person most closely associated with this movement is Rev. Robert Lupton from Atlanta, who wrote booklet on the topic titled *Reverse Flight*. We recommend you begin by reading this booklet so that you can tailor a proposal to the churches of M. L. King.

Once you are conversant on the topic and have some ideas about how it might work in M. L. King, you could create a top-ten list of neighborhood churches to begin talking with, based on those with whom you have the best connections. Meet one-on-one with pastors to talk about what you hope to achieve in M. L. King, but mostly to listen about how they see their ministry's connection to the neighborhood. Talk about Rev. Lupton's experience and listen to what pastors think it would take to create such a movement in M. L. King.

After you've done one-on-one meetings with 10-20 pastors, consider holding an event for them in which Rev. Lupton or someone like him would be invited to talk about their experience and answer questions. If all goes well, conclude this event with discussions on how to implement a similar movement in M.L. King. You will need to create appropriate messages and outreach strategies for congregations with the pastors if they agree to move forward.

Strategies for African-American Professionals

Develop interest in buying a home, and buying it in M.L. King, and a call for the next step (calling MLKNA to find out more) using the following strategies and tools:

- a) Create a top-ten list of leaders in this target market, including fraternity and sorority leaders, professionals who work at the major employers identified previously, business owners, UTC professors, etc., again based on those with whom you have the best connections.
- b) Meet one-on-one with them (a good team to do this interviewing might be Anita and Jermaine Harper as they represent the target markets and understand the idea of this approach) to talk about what is going on with M.L. King, and what they believe it would take to make them want to buy a house there. Get their input on housing stock, financing, evidence of sound revitalization plans, etc. Ask them whom else they know that would be good to talk to, or who would potentially be a buyer in M.L. King under the right circumstances. In this way, you can start to assemble a strong list of potential buyers in this target market, and dramatically deepen your market knowledge of the right house and financing products, messages, etc. Start a database of these people for later direct marketing efforts.
- c) Refine the marketing messages and strategies based on these interviews. Share information on housing stock with ICDC, CNE and any other developers working in M.L. King so they can start producing desirable stock.
- d) Inventory existing vacant housing stock that has the potential for a grand historic renovation. For the top five properties, work up a strategy (with ICDC's assistance) about acquisition and renovation costs, an attractive financing package, and a mini-marketing strategy. Use your target market database to market the properties. Work to facilitate the purchase, financing, etc. by any interested buyer. Ideally, ICDC would be in a position to purchase these properties and hold them while the search for the right buyer plays out.
- e) Once the first person in this target market buys, make sure everyone knows about it. Try to organize an open house of their home when renovation is completed (if it's a rehab) or after they've moved in if it's a new house. Invite everyone on the target market list. Take the opportunity to inform the group of other purchase opportunities, etc. Repeat this every time some else in this target market buys a house in M. L. King.
- f) When it seems appropriate, possibly after you have a few buyers, organize talks at each of the fraternities and sororities with the buyers to sell M. L. King. Talk about purchase-rehab opportunities and new home opportunities. Coordinate these talks with new developments by ICDC, CNE or others if their housing stock would be appealing to this market.

Strategies for UTC and Erlanger Employees

Work with CNE, UTC and Erlanger to set up employer assisted home-ownership programs for UTC and Erlanger employees. Seek an employer match for down payment savings, investment in a special loan fund for second mortgages, and on-site homebuyer education classes from CNE. See the Neighborhood Reinvestment publication, Employer-Assisted Home Ownership: A Sourcebook for NeighborWorks® Organizations, for detailed examples and instructions. The sell to UTC and Erlanger might include the following:

Employer-assisted home-ownership programs are one of the fastest-growing employee retention strategies in the nation.

They can provide a cost-effective employee benefit,

A stabilized workforce,

Improved employee morale,

Increased employee loyalty,

A more stable personal environment resulting in reduced stress for employees,

Image enhancement and visibility for your company,
More stable neighborhoods around company property.

UTC believes that an equity assurance program will be key to getting this market into M. L. King. For more information on a working equity assurance program, contact Helen Juozapavicius with the Southwest Home Equity Assurance Program in Chicago, 773-434-8220.

7: Training the Team

Each person involved in marketing M.L. King to homebuyers, including MLKNA volunteers and board members, CNE staff, M.L. King block captains, and key real estate agents, is an ambassador to the public about the neighborhood, your incentives, products, etc. Each should be equipped to deliver consistent marketing messages. Make sure the person who answers the telephone at MLKNA knows about products and procedures. Be sure your entire team has a clear sense of customer service, including an understanding of products, messages and target audiences.

One option is to plan a marketing session that involves staff, volunteers and board members to orient them to the logic and elements of your marketing plan. Engaging in role-plays and other exercises to help people practice and internalize the new messages and strategies can make it more fun.

8: Timetable

To be determined by MLKNA staff.

9: Evaluation

Make sure you have the necessary systems set up now to evaluate the impact of marketing strategies so that you can adjust the marketing plan quickly. Regular evaluations keep marketing efforts on track and ensure that we invest in the strategies that are working, and divest ourselves of strategies that are not working.

Schedule quarterly meetings and ask yourself and your staff the questions listed below. Use responses to make strategy, message, and program adjustments.

What strategies are working?

What could be done differently?

Do our messages connect with target markets or do we need to adjust?

Are we achieving our numeric goals?

Is anyone taking us up on our bonuses?

What are our recommendations for the future?

Implement these evaluation strategies in order to inform your evaluation discussions:

1. **Start a phone log to record where customers heard about MLKNA and buying a home in M.L. King.** Process this data quarterly, and use it to determine which marketing strategies – yours or someone else's - are most effective.

- 2. Collect demographic information on people who contact you to find out more about buying a home in MLK. Offer an incentive to them to report back to you when they buy a home.**
The demographic information can be processed to shed light on who your core customers are, and to refine marketing strategies accordingly. Getting people to report back will allow you to “count” them as a successful homebuyer, and help measure the effectiveness of revitalization and marketing strategies.
- 3. Survey a random sample of customers semi-annually to determine their progress in buying a M.L. King home.** Adjust services accordingly.

Appendix

Excerpts from The Many Benefits of Home Ownership by J. Michael Collins

Homeowners Provide Continuity and Stability

- Homeowners typically live in a community four times longer than renters.

Ownership Builds Confidence

- Surveys show owners are more likely than renters to respond that they feel confident and happy.
- Moreover, studies that have tracked low-income renters over time find that families who buy a house feel better about themselves after purchasing homes. These buyers are also more satisfied with their lives than their former neighbors who did not buy a house.
- Some buyers report they now “work harder” and are more willing to try for job promotions than when they were renters.
- 77% of Americans would rather own than rent.

Homeowners Create Positive Environments for Raising Families

- Owners are 10% more likely to attend church, and 16% more likely to belong to PTA, block clubs and other organizations.
- Owners read newspapers 1.3 times more often than renters.
- Owners are less likely to have alcohol and substance abuse problems.
- Children of homeowners are 5% more likely to be in school after age 17 than are children of similar renter families, even controlling for age, income, and length of stay in the community. This effect is particularly pronounced for children of minority homeowners.
- Daughters of homeowners are 20% less likely to become teenage mothers.
- Children of owners are less likely to become involved in the juvenile justice system.
- The estimated value of the benefits of home ownership for children in terms of

public expenditures saved is \$34,000 per renter turned owner.

Home Ownership Improves Neighborhoods

- Owners are 28% more likely to repair or improve their homes.
- Owner-occupied homes are far less likely to have interior, exterior or structural problems.
- Owners are 12% more likely to maintain a garden outside their home.
- Activities that improve individual homes, like a new roof or flower garden, spill over into the rest of the neighborhood. Since owners take better care of their property, neighborhoods with high home-ownership rates look more attractive and appealing.
- According to the Census, when neighborhood home-ownership rates increased by 1%, the value of each home in the area grew by an average of \$800.
- Owners are 10% more likely to report they have worked to solve local problems.
- Owners are more likely to volunteer.

Home Ownership Builds Wealth

- The median net wealth of a lower-income owner under the age of 65 is 12 times that of a similar renter. Moreover, 66% of the total net worth of these owners comes from home equity.

Helping Families Buy Homes Benefits the Economy

- More than 30% of all consumer spending is used for housing and home-related goods. When families first move into a home, they generally spend several thousand dollars on home goods, hardware, furniture and appliances.
- Every year after buying a home, owners will spend more than renters on home supplies, repairs and improvements.
- Realtors, lenders, title companies, building contractors and suppliers all benefit financially from home ownership.